

Austrian Bitcoin 'Scam' Triggers Police Search Across Europe

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- Interpol asked to find suspects in Denmark, Latvia, Germany
 - Police got 'hundreds' of complaints from Austrian investors
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A bitcoin logo sits on a LL 1800W power unit supplying cryptocurrency mining machine. *Photographer: Andrey Rudakov/Bloomberg*

Austrian authorities are asking Interpol to help track down suspects in an alleged Bitcoin scam that blew up last year and may have hit at least hundreds, maybe thousands of investors in the country and abroad.

Prosecutors in Vienna are consolidating “hundreds of complaints” about a scheme known as “Optioment” that have been filed at police stations across the country, in addition to files submitted by financial watchdog FMA, spokeswoman Christina Ratz said by telephone. Die Presse earlier reported that the total number of victims could exceed 10,000 and that as many as 12,000 Bitcoins (\$115 million) may have been lost.

Police have identified two people who are accused of fraud in the complaints, and are seeking to find several others, including some abroad, Ratz said. Law enforcement officials asked Interpol to investigate additional suspects in Denmark, Latvia and Germany. No arrests have been made.

The investigation comes as the European Union’s financial-services chief has urged EU agencies to focus “heightened attention” on Bitcoin. The bloc is cracking down on exchanges operating without permission, tightening money-laundering rules and prosecuting fraudsters trying to jump on the bandwagon.

Optioment ran a website that’s now offline, and it held events attended by as many as 700 retail investors in Austria, Die Presse reported <https://diepresse.com/home/wirtschaft/economist/5371989/Kriminalfall-um-BitcoinSekte-aus-Oesterreich> Thursday. Operators of the scheme told investors it was a “private Costa Rica-based Bitcoin fund,” according to a copy of its website <https://web.archive.org/web/20170720201235/https://www.optioment.com/index> hosted by the Internet Archive. It promised outsized returns through arbitrage trading.

According to Ronald Frankl of law firm Lansky, Ganzger & Partner, whose clients lost money in the scheme, Optioment invited investors to deposit Bitcoins for fixed periods of six months to two years, in return for weekly interest payments of as much as 4 percent. Additional premiums were promised to participants who attracted new users, he said.

Three Musketeers

Three Austrians who called themselves “the three Musketeers” promoted the product at the events in Austria and in Germany, according to Frankl. The system initially paid timely redemptions, which encouraged clients to reinvest the funds and sometimes top them up or invest in longer maturities, he said.

Clients started to contact him after redemptions lapsed in late November and early December of last year, Frankl said. When he contacted the “three musketeers” demanding repayment, their lawyers responded by saying the men had been lied to by two other people, allegedly the scheme’s “masterminds,” he said.

Most of the affected investors are Austrian, while others are from Germany, Poland, Romania and regions that comprised the former Yugoslavia.

The FMA watchdog reported the scheme to the prosecutors at the end of January, spokesman Klaus Grubelnik said. As Optioment didn’t offer services that required a license, the FMA couldn’t take any action, but transferred the files because it suspected the website was a front for a pyramid scheme, he said.

